



STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

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Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

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Department of Corporations Begins Fund Distribution to Customers of The Escrow Source, Inc.

Sacramento, January 15, 2004 --- The Department of Corporations today announced that funds will be distributed to financially harmed customers of The Escrow Source, Inc. beginning the week of January 12, 2004.

“Our routine regulatory examination discovered that for nearly two years The Escrow Source had seriously misrepresented the company's financial condition,” said Kam Coveyou, a spokesperson for the California Department of Corporations. “We’re working to make the best of a bad situation by getting as much money as possible back into the hands of affected customers as soon as we can.”

State Sen. Jim Battin, who represents over 800,000 Californians in Riverside County, has worked closely with the Department of Corporations to ensure that customers of The Escrow Source are kept apprised of the investigation as it unfolds.

Based on the Department of Corporations’ review of the 520 claims submitted by customers to date and records recovered from The Escrow Source, the amount owed by the company to its customers totals nearly \$4 million. The amount of money available to customers in the trust fund previously administered by The Escrow Source is \$3.2 million, however, and a full recovery for customers with approved claims is unlikely. The Department of Corporations is continuing to examine the reason for the shortage.

The Department of Corporations is also continuing its overall investigation into The Escrow Source, Inc. and will take any additional appropriate action.

The Department of Corporations will make supplemental distributions for each approved claim after resolving any unresolved claims and reviewing any newly submitted claims. A second

(More)

distribution will be announced once a final determination has been made. The Department will make a third distribution if its claim to the Escrow Agents Fidelity Corporation, which insures certain losses incurred by independent escrow agents, is approved.

The Department of Corporations is California's Investment and Financing Authority, reporting to the Business, Transportation and Housing Agency and the Governor. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, see the Department's Web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).

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